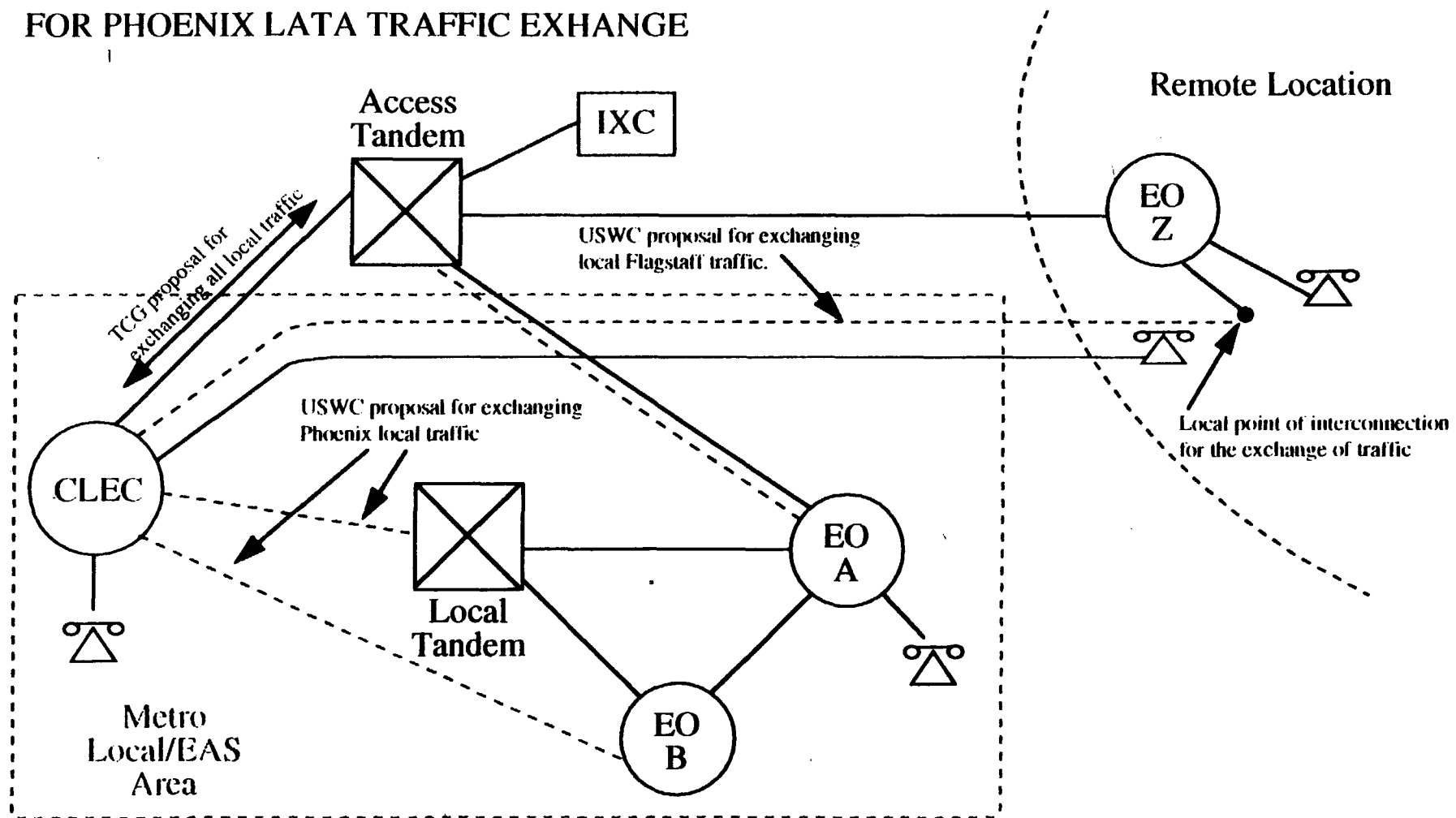


CLEC'S PROPOSED ARRANGEMENT FOR PHOENIX LATA TRAFFIC EXCHANGE



- USWC Routing
- TCG Proposed Routing
- - - - USWC Proposed Routing
- Other Interconnector
- - - - Phoenix Local/EAS Area

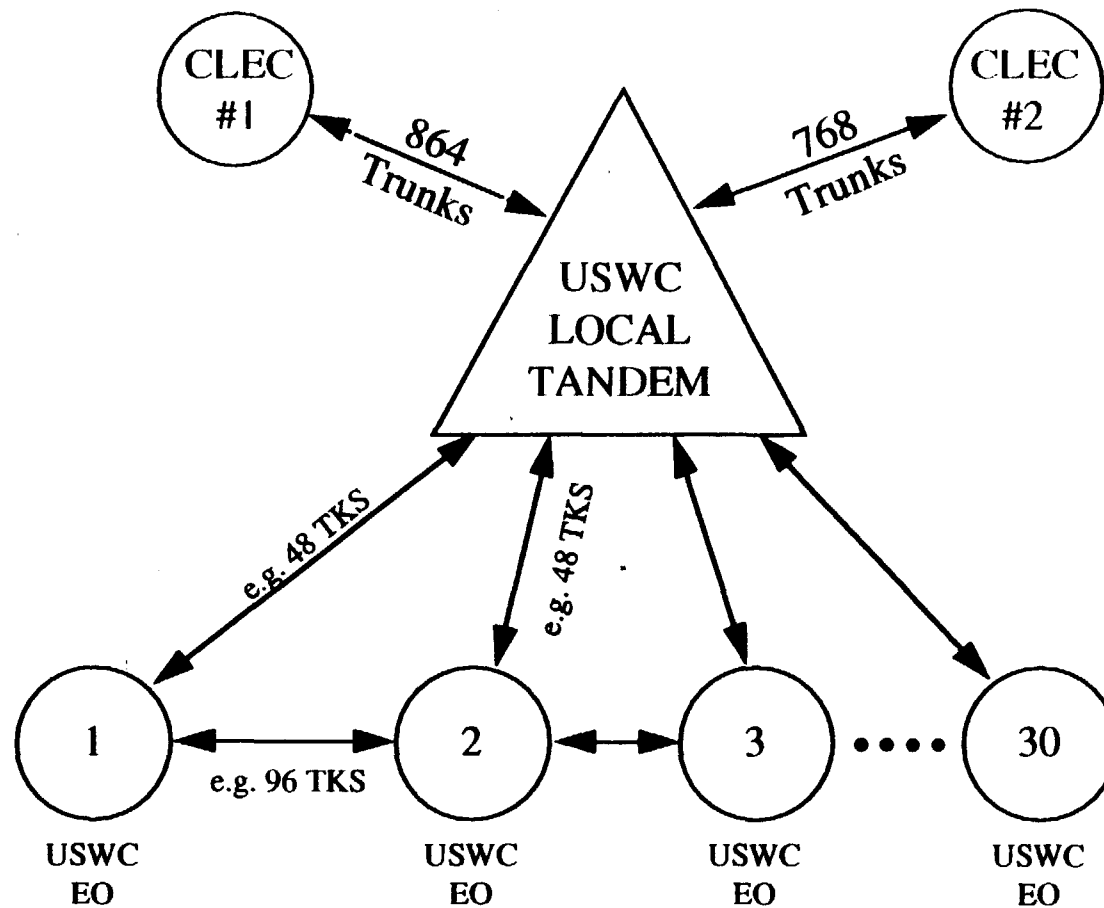
ONE STATE'S FORECASTING CHALLENGES BEFORE LOCAL TANDEM EXHAUST

- ALL CLEC-USWC LOCAL/EAS CALLS ROUTED VIA LOCAL TANDEM
- NO FORECASTS – TRUNKS ADDED AS REQUESTED BY CLEC IN REAL TIME
- TRUNKING DEMAND HIGHER AND SOONER THAN ANTICIPATED

IMPACTS:

- LOCAL TANDEM CAPACITY EXHAUSTED MORE THAN A YEAR EARLIER THAN ANTICIPATED.
- EXISTING INFRASTRUCTURE TRUNK GROUPS FROM LOCAL TANDEM TO USWC END OFFICES (DESIGNED FOR OVERFLOW ONLY) EXPERIENCED HEAVY BLOCKING.
- ALL CUSTOMERS IMPACTED, NOT JUST CLECS.

One State's Forecasting Challenges Before Local Tandem Exhaust



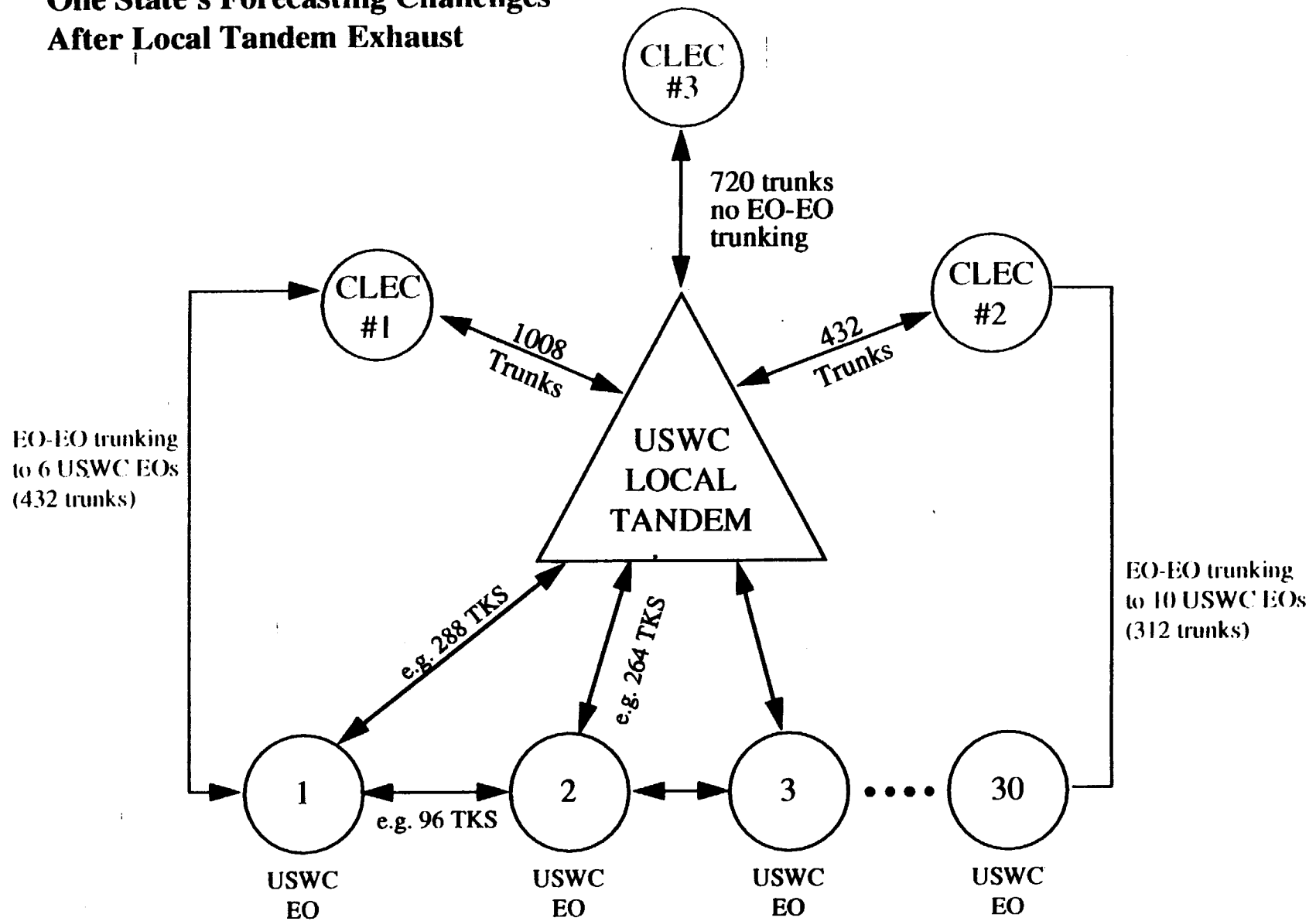
ONE STATE'S FORECASTING CHALLENGES AFTER LOCAL TANDEM EXHAUST

- USWC AND THE CLECS JOINTLY DE-LOADED THE LOCAL TANDEM BY INSTALLING SOME CLEC EO TO USWC END OFFICE DIRECT TRUNKING. USWC ALSO ADDED TRUNKS TO SEVERAL USWC EO TO EO TRUNK GROUPS AND LOCAL TANDEM TO USWC EO TRUNK GROUPS.
- CLECS AGREED TO PROVIDE TRUNK FORECASTS, BUT ONLY TO THE LOCAL TANDEM. THESE FORECASTS CONSTANTLY CHANGED, AND WERE USUALLY ISSUED AT TIME OF NEEDED GROWTH.
- FORECAST STILL IN FORM OF TRUNK QUANTITY FORECAST RATHER THAN LOAD FORECAST.

IMPACTS:

- LACK OF TIMELY FORECAST OF LOAD PREVENTS USWC NETWORK PLANNING AND GROWTH TO MEET TOTAL NETWORK LOAD.
- FORECAST OF LOAD TO LOCAL TANDEM ONLY PREVENTS USWC FROM PLANNING AND GROWING LOCAL TANDEM-END OFFICE TRUNK GROUPS TO PREVENT CALL BLOCKING.

One State's Forecasting Challenges After Local Tandem Exhaust



OTHER FORECASTING EXPERIENCE

- IN ANOTHER STATE, IN LATE JULY, A CLEC REQUESTED A TRUNK GROUP OF 288 TRUNKS FROM THEIR OFFICE TO THE USWC LOCAL TANDEM TO BE TURNED UP IN MID-AUGUST; AND IN AUGUST, THEY REQUESTED AN ADDITIONAL 288 TRUNKS TO BE TURNED UP IN SEPTEMBER.
- THIS UTILIZED ALL SPARE TRUNK CAPACITY IN THE LOCAL TANDEM REQUIRING A \$500,000 GROWTH ADDITION MORE THAN A YEAR EARLIER THAN PLANNED.
- WITHOUT A FORECAST, ADDED TRAFFIC IMPACTS SERVICE FOR ALL CUSTOMERS, INCLUDING USWC, THIS CLEC, OTHER CLECS, AND INTERLATA CARRIERS.

SOLUTION

- **JOINT PLANNING OF INTERCONNECTION ARCHITECTURE.**
- **EXCHANGE OF LOAD FORECASTS TO AN END OFFICE LEVEL**
- **QUARTERLY JOINT PLANNING MEETINGS AT WHICH THESE FORECASTS WILL BE UPDATED.**
- **EACH PARTY WILL ACCEPT RESPONSIBILITY FOR THE ACCURACY AND TIMELINESS OF THEIR LOAD FORECAST.**

MOST FAVORED NATION PROVISION

MOST FAVORED NATION PROVISION:

- **ALLOWS CLECS TO CHOOSE PORTIONS OF CONTRACTS ON A PROVISION BY PROVISION BASIS.**
- **IS A BARRIER TO NEGOTIATIONS BECAUSE BENEFITS AND CORRESPONDING OBLIGATIONS CANNOT BE TIED TOGETHER.**
- **ALLOWS CLECS TO HOLD TO THEIR POSITIONS WITHOUT COMPROMISE SINCE ANYTHING LOST IN ARBITRATION CAN BE REGAINED IF ANOTHER CLEC "WINS" THE POINT IN ARBITRATION OR NEGOTIATION.**
- **SHOULD BE APPLIED ON A CONTRACT BY CONTRACT BASIS TO ENCOURAGE FAIR AND SERIOUS NEGOTIATIONS.**
- **NEEDS TO ENCOURAGE THE DEVELOPMENT OF SPECIFIC ARCHITECTURE AND JOINT PLANNING ARRANGEMENTS WITH EACH CLEC WHICH MATCHES THE TRAFFIC BEING DELIVERED . THE MOST FAVORED NATION PROVISION DOESN'T INCENT THIS BEHAVIOR.**

INTERCONNECTION ISSUES SUMMARY

- **JOINT ARCHITECTURAL PLANNING IS REQUIRED TO MAINTAIN LOCAL SERVICE INTEGRITY.**
- **LOCAL SERVICE CALL BLOCKAGE AT EITHER THE SWITCH OR TRUNK GROUP AFFECTS ALL PROVIDERS AND END USERS IN A LATA, NOT JUST THE CLECS.**
- **MOST FAVORED NATION PROVISION IS AN INHIBITOR TO NEGOTIATING INTERCONNECTION AGREEMENTS.**
- **COSTS PER LATA COULD INCREASE BY 1 MILLION DOLLARS PER LATA (27 LATAS) WITHOUT ARCHITECTURAL PLANS AND FORECASTS.**